



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

October 19, 1998

S. 2364

**Economic Development Administration and Appalachian Regional
Development Reform Act of 1998**

As cleared by the Congress on October 13, 1998

S. 2364 would reauthorize and modify programs administered by the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC). The act would allow EDA to expend certain funds that, under current law, would not be spent. CBO estimates that such authority would result in direct spending of \$3 million in fiscal year 2000.

S. 2364 would allow recipients of an EDA grant awarded in 1995 to use funds that, under current law, would not be spent because the scope or purpose of the project for which they were originally provided has changed. CBO estimates that, under current law, about \$3 million of previously appropriated funding will lapse in fiscal year 2000. CBO estimates that, under S. 2364, instead of lapsing, this entire amount will be spent in that year.

Enacting S. 2364 also would affect direct spending by authorizing EDA to use loan repayments to pay expenses associated with seizing, protecting, or conveying assets. For example, loan proceeds would be available for taking over property that was acquired with an EDA grant but is now being used for purposes that are inconsistent with the terms of the original grant. Once the property was acquired, the funds also could be used to pay the costs of transferring the land to nonfederal ownership (for example, the costs of conducting environmental impact statements). CBO expects that this authority would allow EDA to acquire or convey additional assets and that, on average, the proceeds that would result from conveying these assets would offset any increases in spending, resulting in no significant net change in direct spending for each year.

The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

| | By Fiscal Year, in Millions of Dollars | | | | | | | | | |
|---------------------|----------------------------------------|------|------|------|------|------|------|------|------|----------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Changes in outlays | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in receipts | | | | | | | | | | Not applicable |

The CBO staff contact is Gary Brown. The estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.